

# Financial Report

2nd Quarter 2011



## General Fund Update

### Revenue Update:

The City's total revenue collections for the General Fund were \$2,714,134 compared to \$2,762,163 this time in 2010. The difference of \$48,029 is mainly attributable to \$187,423 less in Property Tax received through the second quarter of last year. In 2010 Property Tax revenue included \$216,854 in one-time monies received from the Tanner Annexation, when the one-time monies are removed from the 2010 year-to-date total 2011 Property Tax receipts are up by \$29,431. B&O Tax receipts were \$343,962 and are down by 4.9% (\$17,785) from last year. On the good side, Retail Sales & Use Tax showed a \$48,221 increase over 2nd quarter of 2010, other increases were Utility Tax (private and City) \$46,906, Licenses and Permits \$25,264 (74% increase) and Charges for Services increasing \$14,721.

July 21, 2011

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### Bottom Line:

The total revenue for the General Fund ended the second quarter at 52.38% of projected.

## GENERAL FUND DEPARTMENTAL BUDGET UPDATE

Department	2011 Y.T.D. Expenditures	2011 Budget	% of Budget used	Explanation
Legislative & Executive	\$ 36,973	\$ 56,604	65%	1
Court Services	18,700	29,000	64%	2
Administration	139,797	229,186	61%	1
Finance	147,519	429,820	34%	
Legal	56,233	144,775	39%	
Central Services	80,693	174,272	46%	
Police & Jail	866,327	1,516,268	57%	2
Fire	476,361	783,412	61%	2
Building & Planning	242,444	499,705	49%	
Funds to Other Organizations	59,472	90,900	65%	3
Parks, Culture & Recreation	221,856	472,254	47%	
Transfers	335,924	774,065	43%	
<b>TOTALS</b>	<b>\$ 2,682,300</b>	<b>\$ 5,200,261</b>	<b>52%</b>	

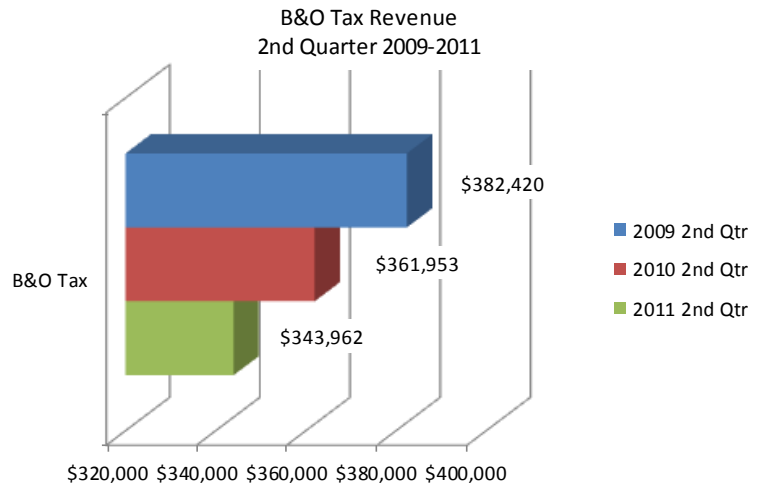
### Explanations for significant departmental over/under budget

- (1) Annual dues and membership payments caused departmental expenditures to be higher than the 50% of budget expected for the 2nd quarter.
- (2) Due to budget concerns in 2010 monthly payments for November and December of 2010 were held over and paid in 2011.
- (3) Human Service Grants that elected to receive a single annual payment are paid in June.

## Business and Occupation Tax

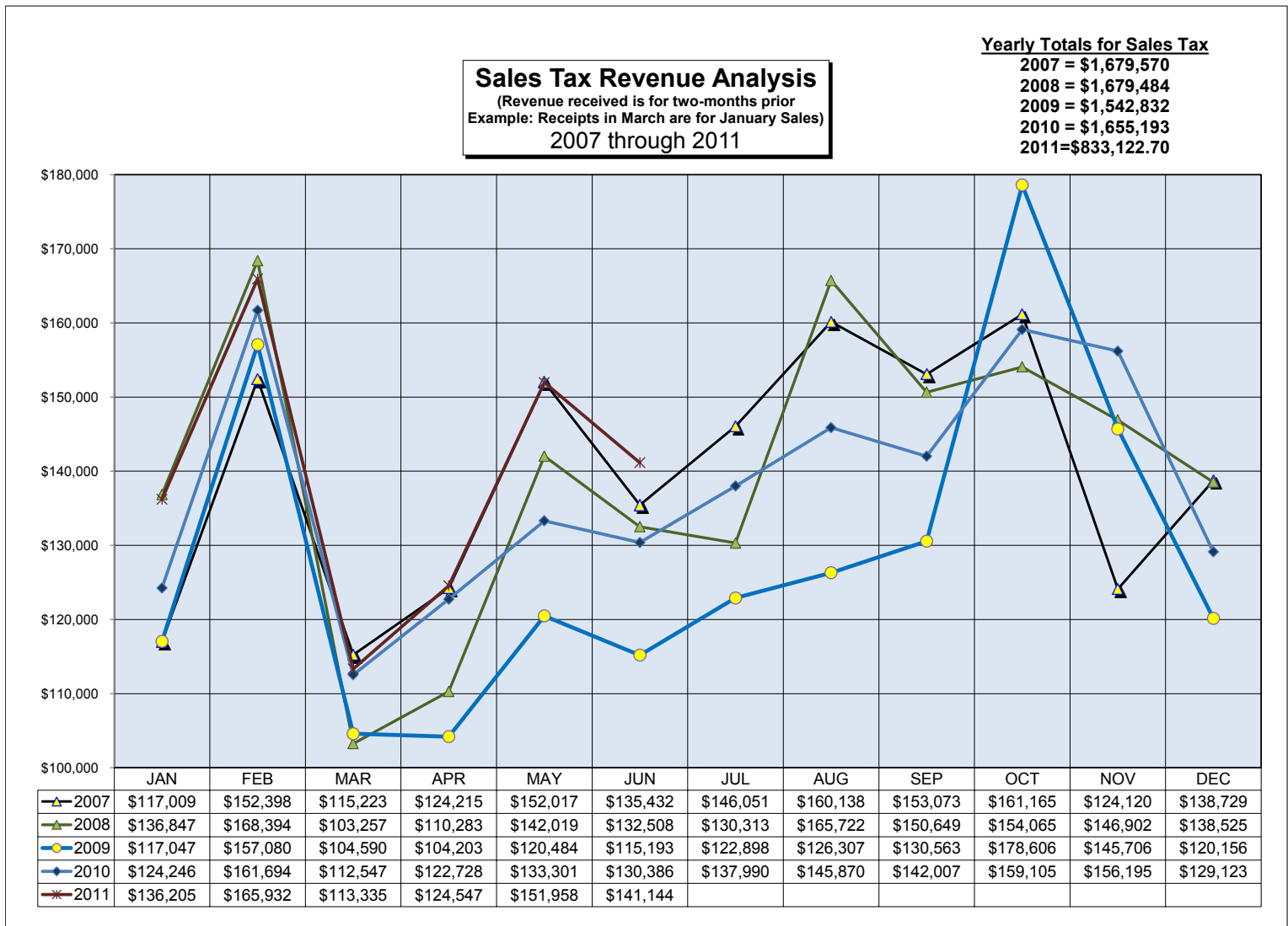
The City's Business & Occupation (B&O) tax is charged to all companies that conduct business activity in the city, whether or not they are located here.

In 2011, year-to-date, we have received \$343,962 in revenues; this is 43.02% of our current 2011 projections. Compared to 2010, we have received \$17,785 (or 4.9%) less in revenues than at this time last year.



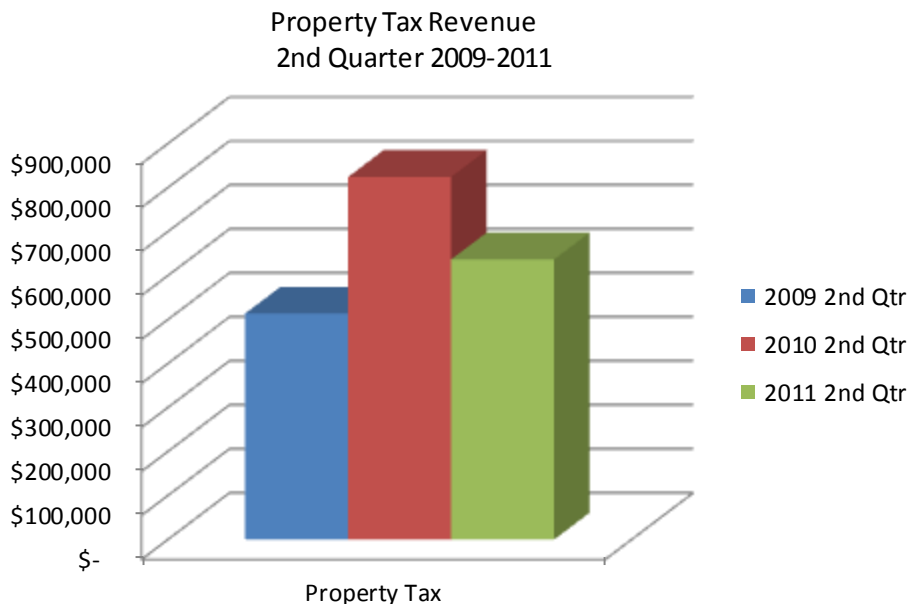
## Retail Sales & Use Tax

Through the end of the second quarter in 2011 we collected \$833,123 in Retail Sales and Use Tax; in 2010 our collections were \$784,902 which is a 6.2% increase over last year. Current year-to-date collections are at 50.74% of projections.



## Property Tax

Property tax collections were \$187,423 lower than second quarter 2010. This is due to the one-time Tanner Annexation payments received in 2010. In 2010 the City received \$137,166 in Road Tax and \$79,688 District 38 Fire Levy for the annexation area. When that one-time revenue is removed from the 2010 totals the 2011 receipts are actually up by \$29,431 or 4.8%. Almost all property tax payments are received in May & November because the King County Assessor’s office collects them on our behalf in April and October. Receipts are at 51.77% of the annual projections and we anticipate reaching the budgeted projection.



## Utility Taxes

The City of North Bend imposes a 6% utility tax on private utilities: electricity, natural gas, telephones and cell phones. City of North Bend utilities are also taxed at 6%: water, sewer and solid waste. The TV cable utility pays a 5% franchise fee to the City.

As of the end of the second quarter of 2011 the amount received from private utilities was \$373,758, a \$29,469 (8.6%) increase over the same period last year. The City utilities second quarter income increased by 16.6% over last year. The increase was due to a rate increase from the utility companies.

Utility Tax Revenues	2010 Y.T.D.	2011 Y.T.D.	Change
Private Utilities	\$ 344,289	\$ 373,758	8.6%
City of North Bend's Utilities	105,248	122,685	16.6%
Cable TV Utility	31,187	41,394	32.7%
<b>Total</b>	<b>\$ 480,723</b>	<b>\$ 537,837</b>	<b>11.9%</b>

## Real Estate Excise Tax

Real estate excise tax (REET) is the major funding source for the Capital Improvement Fund. The tax is imposed on all sales of real estate in the City at the total rate of one-half percent (two one-quarter percent assessments).

The second quarter of 2011 showed a slight decrease of 3.4% (\$2,109) over this time last year. The real estate excise tax collected, year-to-date for 2011, is \$60,412 (50.34% of the projected \$120,000 for 2011) versus \$62,521 at this same time in 2010.



## Economic Development Fund

The Hotel-Motel Tax is one of two revenue streams (the other is an annual transfer of sales tax revenues from the General Fund) that support the Economic Development Fund. The Hotel-Motel tax is a 1% tax on the cost of renting a room in a hotel or motel within the city. The tax is used to support tourism activities in the city.

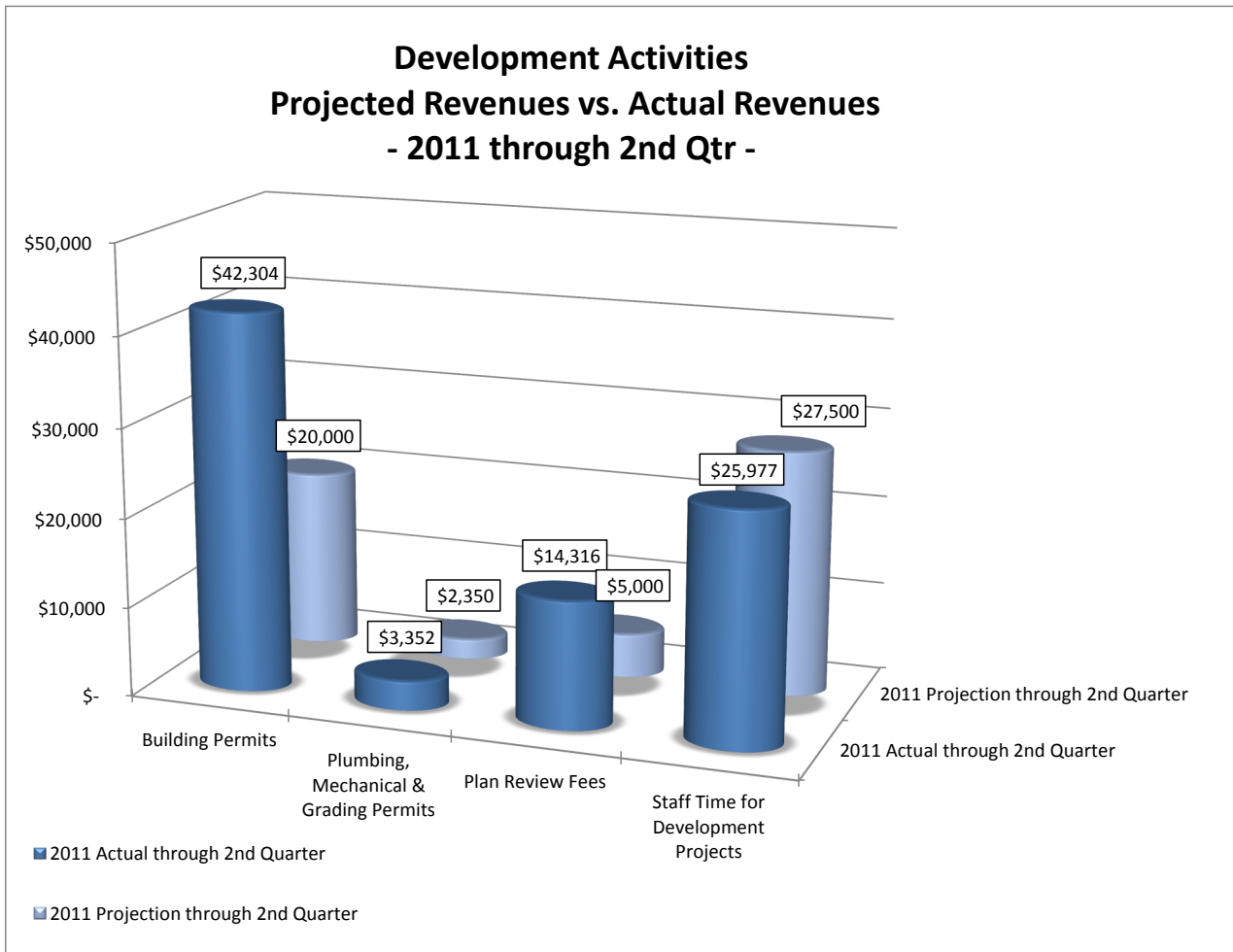
As of June 30, 2011, the City collected \$3,624 (84.27% of projected) in Hotel/Motel tax and transferred-in \$21,133 of sales tax revenues from the General Fund to the Economic Development Fund, 66% of the annual \$32,000 funding amount.

Revenues	2009 2nd Qtr	2010 2nd Qtr	2011 2nd Qtr
Hotel/Motel Tax	\$ 1,743	\$ 3,064	\$ 3,624
2% of City Wide Sales Tax Revenue (capped at \$32,000)	20,911	21,331	21,133

## Development Revenues

Development Revenues include building, plumbing, mechanical & grading permits, plan review fees and staff-time for development projects. This group of revenues has increased by 65% compared to one year ago. In 2010 the collections through the 2nd quarter were \$52,243, whereas 2011 year-to-date collections are at \$85,949. The increase in 2011 is mainly due to building permit revenue which increased by \$32,630 and plan review fees increasing \$10,278 over 2010.

Staff time for development projects through the second quarter was lagging 2010 by \$10,576, but is still at 47.2% of the projected amount for 2011.



## INVESTMENTS

Investment	Interest Rate	Maturity	Balance as of: 6/30/11
Washington State Investment Pool	0.16%	ongoing	\$ 5,774,669
Cascade Bank: Certificate of Deposit	0.65%	Mar-2012	\$ 242,381
Bank of the Northwest: Certificate of Deposit	1.10%	Mar-2012	\$ 250,000
<b>Total Investments</b>			<b>\$ 6,267,051</b>

## Utility Funds

Utility Operating Funds	Beginning Balance	Revenues thru 2nd Qtr		Expenditures thru 2nd Qtr		2011 Y.T.D.
	2011	2010	2011	2010	2011	Ending Fund Balance
Water	\$483,641	\$412,734	\$596,010	\$731,822	\$609,450	\$470,201
Sewer	602,971	1,000,326	926,819	902,334	555,945	\$973,845
Storm Drainage	293,228	305,404	331,549	225,808	240,709	\$384,068
Flood	252,617	77,791	81,727	43,153	37,404	\$296,941
Solid Waste	4,830	58,180	8,567	64,529	13,397	\$0
<b>TOTALS</b>	<b>\$1,637,288</b>	<b>\$1,854,435</b>	<b>\$1,944,671</b>	<b>\$1,967,646</b>	<b>\$1,456,904</b>	<b>\$2,125,054</b>

\* In 2010 the State Auditor mandated that all Enterprise Funds report all capital and debt in one fund and not in separate funds as was previously the practice. The above numbers reflect this change.

### WATER

The Water Fund's 2011 year-to-date metered sales were \$462,083, 43.81% of the annual projection. In 2010, at this time metered sales were \$411,641. This is due to a water rate increase of 12.6% for 2011.

Through the second quarter of 2011 we received \$5,660 in Water Facility Fees, this compares to \$0 in 2010.

### SEWER

Sewer service revenues through the second quarter of 2011 were \$758,273 (51.18% of Budget), compared to revenues of \$733,468 in 2010. The rate increase of 7% was based on the

CPI-W for Seattle-Tacoma August Average.

The Sewer Capital Facility Fee has received \$150,000 in GFC purchases through the 2nd quarter of 2011 compared to \$0 in 2010.

### STORM DRAINAGE / FLOOD

Revenues in the Storm Drainage/Flood Utility consist of fees, surcharges and permits. The Storm Drainage Service Charge was \$321,845, compared to \$304,732 in 2010 and the Floodplain Management Surcharge was \$81,224 compared to revenues of \$77,071 in 2010.

The Storm Drain Facility Fees received through June were \$9,250 compared to \$394 in 2010.

### SOLID WASTE

Solid Waste is operated by contracting with Allied Waste Services (AWS). Currently the City has a contracted with Epicenter Services as a consultant to review the City's solid waste fees and help negotiate the City's new solid waste contract. Through June the City has received \$5,832 in (net) Solid Waste receipts from Allied Waste.

Fund Balances as of June 30, 2011

Fund #	Fund Name	Beginning Balance 1/1/11	YTD Revenues & Transfers	YTD (Expenditures) & (Transfers)	Ending Balance 6/30/11
<b>Governmental</b>	001 General Fund	\$ 880,036	2,714,134	2,682,772	911,397
<b>Special Revenue Funds</b>	101 Street Fund	\$ (0)	217,896	217,897	0
	102 Arterial Fund	\$ 140,604	190,341	131,744	199,200
	103 Street Overlay	\$ -	100,000	2,158	97,842
	106 Impact Fees	\$ 53,004	44,184	0	97,188
	108 Economic Development Fund	\$ 3,413	31,298	34,711	0
	109 Contingency Fund	\$ 3,295	0	0	3,295
	110 Capital Improvement/REET	\$ 2,246	63,840	66,086	0
	116 Park Improvement Fund	\$ 62,653	6,309	32,629	36,333
	125 Development Projects	\$ 54,509	59,087	70,420	43,176
<b>Debt Funds</b>	211 LID #5 Bond Redemption	\$ 15,245	10,099	15,464	9,880
	215 Padavich Municipal Property	\$ -	45,933	45,933	0
	216 Fire Station Bond	\$ -	2,257,987	25,418	2,232,570
	240 PWTF Loan Debt Service	\$ -	17,341	17,341	0
<b>Construction Funds</b>	310 Municipal Projects Fund	\$ -	427,720	427,720	0
<b>Utility/ Enterprise Funds</b>	401 Water Fund	\$ 483,641	596,010	609,450	470,201
	402 Sewer Fund	\$ 602,971	926,819	555,945	973,845
	404 Storm Water	\$ 293,228	331,549	240,709	384,068
	404-100 Flood Fund	\$ 252,617	81,727	37,404	296,941
	405 Solid Waste Fund	\$ 4,830	8,567	13,397	0
	450 "Trucktown" ULID: Construction	\$ 2,802,048	2,878	2,310,278	494,648
	451 "Trucktown" ULID: Bond Rdempt	\$ -	325,877	325,877	0
<b>Internal Service Funds</b>	501 Equipment Rental Fund	\$ (0)	210,779	210,779	0
	502 Equipment Rental Reserve	\$ 281,243	0	0	281,243
<b>Fiduciary/Trust Funds</b>	621 LID Guaranty Fund	\$ -	15,023	15,023	0
	635 Treasurer's Trust	\$ 15,454	59,972	17,484	57,941
<b>TOTALS</b>		<b>\$ 5,951,036</b>	<b>8,745,369</b>	<b>8,106,639</b>	<b>6,589,766</b>

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